

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 GAC-01 PC-04

NIC-01 RSR-01 AGR-20 /191 W

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R 011110 Z JUN 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 9574

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL MADRAS

AMEMBASSY NEW DELHI

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7. INSURRECTION. IN ITS FIRST YEAR OF OPERATION, UFG MOVED FAR TOO SLOWLY TO SATISFY FAR- LEFT GROUP OF ANARCHISTIC, UTOPIAN, EDUCATED YOUTH OF JANATHA VIMUKHTI PERAMUNA (JVP), WHICH SET OFF ATTEMPTED " 24 - HOUR" REVOLT IN APRIL 1971. UNLIKELY SPECTACLE OF LEFT- WING REVOLT AGAINST A GOVT CONTAINING COMMUNISTS TOOK ON MORE INCONGRUITY AS SUCH DIVERSE NATIONS AS UNITED STATES, INDIA, UAR, USSR, AND PRC OFFERED MILITARY ASSISTANCE TO UFG. INSURRECTION WAS BLODILY SUPPRESSED BUT LEFT ECONOMIC SCARS (PERHAPS RS 100 MILLION DAMAGE; UFG CLAIMED RS 400 MILLION) AND POLITICAL ONES: AFTER INITIAL PERIOD OF SUSPICION THAT CHINESE WERE BEHIND REVOLT, PRIME MINISTER SHIFTED SIGHTS TO USSR, WHERE THEY HAVE REMAINED. (IN FACT, REVOLT WAS OF HOME- GROWN VARIETY AND THERE NO EVIDENCE OF FOREIGN AID OR ARMS.) GSL
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IMMEDIATELY IMPOSED EMERGENCY REGULATIONS, UNDER WHICH COUNTRY IS STILL GOVERNED.

8. CURRENT SITUATION. ALTHOUGH UFG VIEWS FOUNDING OF REPUBLIC

AND ITS ECONOMIC MEASURES AS REMARKABLE ACHIEVEMENTS, IT IN FACT CONTINUES TO FACE ENORMOUS PROBLEMS AS IT ENTERS FOURTH YEAR IN POWER. GNP GROWTH RATE, WHICH IN 1969 WAS 5.7 PERCENT, FELL TO 2.3 PERCENT IN 1970 AND TO -0.5 PERCENT IN 1971, RISING ONLY SLIGHTLY TO 0.4 PERCENT IN 1972. SRI LANKA IS THUS IN STATE OF ECONOMIC STAGNATION POSSIBLY UNMATCHED IN DEVELOPING WORLD. IT IS PARTICULARLY VULNERABLE TO WORLD MARKETS, AND TERMS OF TRADE HAVE PROGRESSIVELY WORSENED, FACTORS WHICH HAVE BEEN LARGELY BEYOND UFG CONTROL. ONLY POTENTIAL BRIGHT SPOTS ON HORIZON ARE CURRENT RELATIVELY HIGH PRICES FOR TEA AND RUBBER AND POSSIBILITY THAT WORLD PRICES FOR SUCH IMPORTED ITEMS AS WHEAT FLOUR AND RICE WILL DECLINE FROM 1972 LEVELS.

9. UFG HAS SUCCESSIVELY ALIENATED VARIOUS PARTS OF BODY PLITIC. ATTACKED ON THE LEFT BY INSURGENCY, ON THE RIGHT IT HAS FELT KEENLY IMPACT OF MASSIVE OUTPOURING OF PUBLIC FEELING AT APRIL 1973 OBSEQUIES FOR DUDLEY SENANAYAKE, SEEN AS NOT- SO- SILET PROTEST AGAINST UFG. PERENNIAL PROBLEMS WITH TAMIL MINORITY IN ISLAND HAVE BEEN ACCENTUATED BY UFG SINHALESE , AND, AS ECONOMIC CONDITIONS WORSE, TAMILS AND SINAHALESE COMPETE FOR EDUCATIONAL AND JOB OPPORTUNITIES AND TAMIL PROTEST YOUTH MOVEMENTS ARISE. GENERATION GAP AFFECTS ALL POLITICAL PARTIES, AS OLD GUARD IN EACH DATES BACK TO PRE- INDEPENDENCE. UFG CABINET AVERAGE AGE IS 56. THREE OF COALITION PARTIES ARE THUS DIVIDED HORIZONTALLY AS WELL AS VERTICALLY IN THEIR POLITICAL VIEWS.

10. IN THESE CIRCUMSTANCES THERE ARE CONTINUED DIFFERENCES WITHIN CABINET OVER POLICIES TO MEET CRISES, AND PRIME MINISTER SEEMS UNABLE TO RESOLVE THEM. MODERATE IRRIGATION MINISTER (AND NO 2 IN UFG) MAITHRIPALA SENANAYAKE TAKES ISSUE PUBLICLY, FOR INSTANCE, WITH LEFTIST AGRICULTURAL MINISTER HECTOR KOBBEKA DUWA OVER AGRICULTURAL POLICY. OTHER MINISTERS FREQUENTLY TRESPASS ON EACH OTHERS TERRITORY. YET, RATHER AMAZINGLY, CABINET HAS REMAINED UNCHANGED FROM DAY IT TOOK OFFICE EXCEPT FOR DROPPING OF INEFFECTUAL SENATOR JAYEMANNE AS JUSTICE MINISTER WHEN SENATE WAS ABOLISHED.

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PRSIDING OVER ALL IS ROTUND FIGURE OF PM BANDARANAIKE, SOMETIMES CONSIDERED ONLY " MAN" IN CABINET , WHO SEEKS TO AVOID DIRECT CONFRONTATIONS AND PLAYS ONE MINISTER AND ONE PARTY OFF AGAINST ANOTHER. THERE ARE SIGNS, HOWEVER, THAT THAT TECHNIQUE IS GETTING PLAYED OUT AND THAT SHE FREQUENTLY FAILS TO ASSERT THE FIRM LEADERSHIP THE CABINET AND COUNTRY NEED. PRESSED FROM RIGHT AND LEFT, SHE SUPPORTS WHICHEVER SHE CONSIDERS WEAKER AT THE MOMENT. RECENTLY THERE ARE SOME INDICATIONS SHE IS EXCESSIVELY INFLUENCED BY HER LEFTIST DAUGHTERS AND SON- IN- LAW (KUMAR RUPASINGHE). SEVERAL SLFP CABINET MINISTERS REPORTEDLY SEEM TO HAVE LOST RESPECT FOR HER AND HAVE OPENLY THREATENED TO RESIGN IF THEIR PLANS WERE THWARTED.

11. THE FUTURE. WITH FOUR MORE YEARS BEFORE NEXT GENERAL ELECTION MUST BE HELD, PM BANDARANAIKE HAS PERHAPS FOUR OPTIONS OPEN TO HER:

A) MOVE TO RIGHT BY INSTITUTING PRAGMATIC ECONOMIC POLICY WHICH WOULD CUT SUBSIDIES AND ENCOURAGE FOREIGN INVESTMENT WHILE HOLDING TO PRESENT NON- ALIGNED FOREIGN POLICY. SUCH ACTION WOULD FLY IN FACE OF CAMPAIGN PLEDGES AND WOULD RISK SPLIT NOT ONLY WITH OTHER COALITION PARTIES BUT EVEN WITHIN HER OWN SLFP RANKS. FURTHERMORE, LSSP AND CP/ M CONTROL OF LABOR COULD CREATE SERIOUS UNREST AND NEGATE WHATEVER USEFUL MEASURES SHE MIGHT TAKE. PRIME MINISTER MIGHT NEED TO USE MILITARY, WHICH WOULD PROBABLY OBEY HER ORDERS.

B) MOVE DECIDEDLY TO LEFT, FRANKLY COMMITTING SRI LANKA TO FULL STATE ECONOMY. ALTHOUGH SUCH ACTION WOULD MEET WITH SUPPORT OF LSSP, CP/ M, AND NUMBER OF SLFP MEMBERS OF PARLIAMENT, IT WOULD RUN COUNTER TO CONVICTIONS OF MANY SLFP MEMBERS AS WELL AS OF RESURGENT UNP. IT WOULD PRECIPITATE ECONOMIC DISASTER. IT COULD ALSO RAISE QUESTION OF LOYALTY OF ARMED FORCES.

C) RESIGN AND LET SOMEONE ELSE ASSUME BURDEN. THAT WOULD SOLVE NOTHING AND WOULD PROBABLY PRODUCE CHAOS IN STRUGGLE FOR SUCCESSION. ASPIRING HEIRS ARE MANY, BUT COMPETENT ONES ARE VIRTUALLY NONEXISTENT. MAITHRIPALA SENANAYEKE IS AMIABLE BUT WEAK, FELIX BANDARANAIKE RUTHLESS AND ISOLATED, LEADER AROUND

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WHOM LEFTISTS MIGHT CONCEIVABLY COALESCE IS UNKNOWN, AND NO MAN ON HORSEBACK IS IN SIGHT.

D) LET MATTERS DRIFT AND DEAL WITH PROBLEMS ON AD HOC BASIS, EVER SEEKING TO JUGGLE THEM AND PERSONALITIES. WORSENING ECONOMIC SITUATION COULD RESULT, WITH CONCMITANTLY WORSENING POLITICAL SITUATION AND INCREASING UNREST.

12. ALTHOUGH THE FUTURE IS DIFFICULT TO DISCERN AND PREDICTIONS ARE EXCEPTIONALLY DANGEROUS IN SRI LANKA, LIKELIEST COURSE FOR PM AND UFG WOULD SEEM TO BE OPTION (D): THAT IS, THEY WILL DRIFT WITH EVENTS, SEEK TRANSITORY COMPROMISES, AND AVERTY LOOMING CRISES SOMEHOW AT LAST MOMENT. ECONOMIC AND POLITICAL SITUATION WILL CLEARLY NOT IMPROVE WITH DRIFT, BUT SOME HALTING GAINS MAY BE MADE IN SPECIFIC DEVELOPMENT AREAS.

VAN HOLLEN

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